

L&T slams SE Asian companies

Complains To Commerce Min About Discriminatory Awarding Of Projects

Sanjay Datta | TNN | 6 Sept

New Delhi: Engineering-to-construction conglomerate Larsen & Toubro has complained to the commerce ministry about restrictive trade practices by Southeast Asian nations to keep Indian firms away from their projects and suggested a tit-for-tat approach against companies from that region.

Sources said L&T chairman A M Naik recently met commerce and industry minister Anand Sharma to urge the government to take counterbalancing measures against companies from Indonesia and Malaysia, the two countries identified as discriminating against overseas firms. Naik said the government should intervene to ensure level-playing field for "capable and interested" Indian companies in Southeast Asian nations which are big

markets for oil and gas project contracts.

In a follow-up letter, Naik said while Indian engineering firms are being denied participation in multi-billion dollar projects in these two countries, their firms are walking away with contracts worth billions of dollars from Indian biggies such as state-run ONGC.

The sources quoted Naik as saying that companies from Southeast Asian regions lay down restrictive conditions that forcibly limit ability of Indian firms to register, get licence and participate in their contracts.

Insistence on local majority-ownership, also known in Malaysian parlance as 'Bumiputera' (son-of-the-soil) company, as a qualifier is the most common clause used by these firms to restrict entry of overseas companies, sources quoted Naik as telling

UNFAIR TRADE PRACTICES

Recent Petitions

Contracts To
Bumiputera Firms

MMHE | \$530

Sime Derby | \$410

Kencana | \$100

Ramunia | \$55

Oftab | \$40

All figures in million

ONGC Contracts To SE Cos in Jan-June

Sime Derby | \$600

BP-Gunannusa
\$368

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Sharma. Indonesia and Malaysia also follow the system of allowing only those firms that have licences from their national oil and gas firms or their western partners to restrict participation.

"All the time Southeast Asian oil and gas projects are opened up to international bidding and execution, Indian contractors should get similar preference/protection from ONGC and other major oil companies in India. Otherwise, we fear that the unequal competition will eventually result in Indian indus-

try in the sector weakened, and even possibly wiped out," Naik wrote in his letter.

To bolster his case, Naik pointed out that Sime Derby of Malaysia bagged contracts valued at \$600 million out of jobs worth \$1.4 billion awarded through global bidding by ONGC between January and July. Indeed, the Malaysian firm has cornered 43% of ONGC's projects in the west coast, Naik said. Similarly, Indonesia's BP-Gunannusa was awarded contract worth \$368 million with 74% participation by ONGC.

In contrast, Malaysia's national oil company Petronas awarded oil platform projects worth in excess of \$1 billion, all of which went to Bumiputera companies such as MMHE (\$530 million), Sime Derby (\$410 million), Kencana (\$100 million), Ramunia (\$55 million) and Oftab (\$40 million).